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Attorney General

Attorney General Becerra Sues Facebook For Monopolistic Behavior

Press Release / *Attorney General Becerra Sues Facebook For Monopolistic Beha...*

Wednesday, December 9, 2020

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The multistate lawsuit alleges that Facebook's acquisition of Instagram and WhatsApp squashed competition and closed options for social networking users

SACRAMENTO – California Attorney General Xavier Becerra today joined a multistate lawsuit against Facebook for allegedly violating federal antitrust laws by purchasing emerging competitors to maintain a monopoly. The tech giant's acquisition of Instagram in 2012 and WhatsApp in 2014 left users with fewer options for social networking services, reduced the quality and variety of privacy safeguards, and increased user-facing advertisements. The lawsuit, filed in parallel with a similar suit from the Federal Trade Commission, requests an injunction to stop Facebook from engaging in further anticompetitive conduct and to give states advance notice of certain mergers and acquisitions by the company.

“Anticompetitive behavior harms the market, whether that is a market for health care, telecommunications, or social networking. Facebook leveraged its market power to squash competition and monopolize the market, enabling greater collection and control of data and squandering innovation,” **said Attorney General Becerra**. “Rather than outcompete or outperform, Facebook simply bought the competition. Innovation in Silicon Valley and elsewhere depends on a fair and competitive marketplace. California consumers deserve options – not oppressive monopolistic behavior.”

The attorneys general argue that Facebook’s \$1 billion purchase of Instagram and \$19 billion purchase of WhatsApp helped Facebook maintain monopoly power. Emails and testimony from Facebook executives indicate that the company purchased Instagram and WhatsApp to prevent a migration of their users onto those competing platforms. Aided by data obtained through another acquisition, Facebook monitored the projected growth of scores of applications and purchased those it believed posed competitive threats. Without competition, Facebook’s market dominance gives it wide latitude to set the terms for how user data is collected, used, and protected. For example, in the case of WhatsApp, the complaint notes that Facebook degraded consumer choice by weakening the platform’s privacy protections. If not for Facebook’s acquisitions, competitors could have developed social networking alternatives that might have improved the user experience or acted as a check on Facebook’s less popular actions in that market.

Attorney General Becerra has taken multiple actions to hold Facebook accountable. In August, he joined multiple attorneys general in demanding the company take additional steps to curb the online spread of hate and disinformation. In October, Attorney General Becerra petitioned the U.S. Supreme Court to stop Facebook and

others from harassing consumers with robocalling and robotexting. And in 2019 as part of an investigation into Facebook's privacy practices, the attorney general was forced to move to compel production of Facebook documents when the company refused to comply with subpoenas.

Attorney General Becerra is also committed to building and protecting a fair and competitive market for California and across the country. In December 2019, Attorney General Becerra announced a landmark \$575 million settlement against Sutter Health, the largest hospital system in Northern California. Once approved, the settlement will resolve allegations that Sutter's anticompetitive practices led to higher healthcare costs for patients in Northern California compared to other places in the state. In March, Attorney General Becerra announced a settlement resolving a lawsuit filed last year to block the proposed merger of telecommunication companies T-Mobile and Sprint over concerns it would result in fewer choices and higher service costs for consumers.

In filing today's lawsuit, Attorney General Becerra joins an executive committee made up of the attorneys general of New York, Colorado, Florida, Iowa, Nebraska, North Carolina, Ohio, Tennessee, and the District of Columbia. The executive committee is joined by the attorneys general of Alaska, Arizona, Arkansas, Connecticut, Delaware, Hawaii, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, and the territory of Guam. The multistate lawsuit was filed in coordination with the Federal Trade Commission, which filed a separate complaint.